

# Office of Policy, Economics, & Innovation

# U.S. Environmental Protection Agency Office of Policy, Economics, and Innovation

Administrative Support  
& Innovations Staff

National Center for Environmental Innovation

Office of Regulatory  
Policy & Management

National Center for  
Environmental Economics

Office of  
Environmental  
Policy Innovation

Office of Business &  
Community  
Innovation

**Innovative Pilots  
Division**

Tests innovative ideas with internal and external partners that promise better results than existing policies.

**Sector Strategies  
Division**

Improves environmental performance in industry sectors by working with industry leaders, trade associations, and state and local governments.

**Regulatory Analysis  
& Policy Division**

Advises the Administrator's Office and other senior Agency decisionmakers on regulatory and policy development; manages the Agency's policy priority agenda; conducts timely and effective policy analysis; and ensures Agency decision processes are invested with high-quality information.

**Benefits  
Assessment &  
Methods  
Development  
Division**

Develops tools, data, and analyses needed to assess economic benefits of EPA programs and policies.

**Evaluation Support  
Division**

Builds Agency capacity for program evaluation and performance measurement and evaluates innovative approaches to determine their effectiveness.

**Development,  
Community, &  
Environment Division**

Minimizes the environmental impacts of development by working in partnership with States, local governments, developers and nonprofit organizations to create sustainable practices that meet the needs of this and future generations.

**Regulatory  
Management  
Division**

Manages EPA's action development and review process, provides comprehensive action development training for EPA staff and managers, and provides procedural and analytical support to help EPA consider the impact of its actions on small entities—small businesses, local governments, and nonprofit organizations.

**Research &  
Program Support  
Division**

Identifies and addresses EPA's economic research needs and provides expertise to support economic analyses in other EPA programs.

**Policy & Program  
Change Division**

Promotes adoption of successful innovations so their value can be realized on a broader scale.

**Small Business  
Division**

Assists small business by providing the information and extra services they need to understand and successfully address environmental issues.

**Innovation &  
Emerging  
Challenges Division**

Provides economic and risk assessment support for innovative approaches that address cross-cutting and emerging environmental issues and issues related to specific industry sectors.

**Performance  
Incentives Division**

Creates incentives to recognize and encourage top environmental performance and to create a more collaborative relationship between government and business.



New Ideas

Strong Analysis

Sound Governance



For more than 35 years, the U.S. Environmental Protection Agency (EPA) has helped the American people make great strides in cleaning up and protecting our nation's air, water, and land. Along the way we have learned that continuing this progress and even accelerating the pace of environmental improvement requires informed decisionmaking based on the highest quality science and analysis. Progress also requires collaborating with partners across all parts of society to enhance environmental stewardship and constantly searching for new ways of providing our families and children with a cleaner, healthier, more economically vibrant future.

These necessities are the drivers behind EPA's Office of Policy, Economics, and Innovation, (OPEI). As the name implies, OPEI fills three distinct, yet related and intertwined, roles at EPA:

- Pioneering innovative approaches that can lead to better, more cost-effective environmental results
- Providing expertise to guide EPA's assessment of costs, benefits, and risks associated with environmental decisionmaking
- Managing the process through which regulations and other significant policy decisions are made

In many ways, OPEI acts as a bridge connecting the many different parts of EPA—the national programs that administer federal environmental laws, the 10 regional offices that are able to tailor environmental strategies for different parts of the country, the laboratories performing cutting-edge research, and the advanced computing centers that collect and analyze environmental data. Our focus has evolved over time. In EPA's earliest years, the driving priority was putting regulatory programs in place and so, understandably, regulatory responsibilities dominated our work. Today, OPEI still dedicates a lot of time and attention to regulations, but we also are committed to finding creative new ways of strengthening environmental protection. We envision a broader set of tools for the 21st century—one that harnesses the power of collaborative partnerships, market-based incentives, and other new approaches to achieve continued environmental progress.

OPEI's focus on innovation, strong analysis, and sound regulatory management is key to achieving the nation's environmental goals and maintaining economic competitiveness. With a unique set of skills and expertise, it is our job to look ahead and help EPA bring the best solutions to bear on an increasingly complex set of environmental challenges.

## Innovating for Better Environmental Results

- How can environmental programs deliver better results at less cost?
- What new tools do environmental agencies need to achieve their goals?
- Are there proven ideas that are ready for use on a national scale?

OPEI's National Center for Environmental Innovation (NCEI) plays a strategic role in exploring these and other issues that are shaping the future of environmental policy. Working with our colleagues at EPA and with our many partners in businesses, communities, and states, NCEI focuses on finding new ways to achieve better environmental results.

NCEI's programs and activities are conducted by two offices. The Office of Environmental Policy Innovation plays a key role in testing, evaluating, and promoting innovative approaches to environmental protection. For example, based on Massachusetts's success with an innovative program for improving the environmental performance of small businesses, we work with other states to set up

similar programs. Nearly 20 states now use the Environmental Results Program to address priority small business sectors. This growth has been fueled, in part, by our State Innovation Grants. These funds provide seed money to help states explore new approaches that align with national environmental policy interests. Recognizing the importance of measuring results from new approaches, and indeed, all environmental programs, we also provide expertise to support evaluation activities. We see evaluation as a critical step in the innovation cycle and in creating a more results-oriented system of environmental protection.

The Office of Business and Community Innovation focuses on encouraging and supporting society's growing interest in environmental stewardship. Today, businesses, communities, government agencies, and individuals are taking voluntary actions for the environment because they see the linkage to quality of life and other social and economic interests. One way we are capitalizing on those interests is through our work with 12 high impact business and manufacturing sectors. Together we are developing

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environmental management systems and other strategies for improving each sector's environmental performance. Our work with private enterprises also extends to small businesses. By serving as EPA's Small Business Ombudsman, we provide information and assistance to help small businesses understand and address environmental issues.

To motivate better environmental performance in companies and other organizations, we created a program that provides incentives for environmental leaders, the National Environmental Performance Track. With more than 400 members, this program is transforming EPA's relationship with business and setting the stage for a more constructive and collaborative dynamic. Partnering with states, local governments, developers, nonprofit groups, and other organizations to minimize the impacts of development is another priority. In addition to providing technical assistance and information, each year, we recognize the country's best examples of sustainable development at the local level through the National Awards for Smart Growth Development.

## Strengthening Economic and Risk Assessment

The same questioning mindset that spurs thinking about new approaches to environmental protection is also behind our work on environmental economics and risk assessment. As EPA makes decisions about regulations and other policy issues, the National Center for Environmental Economics (NCEE) provides expert guidance and review to help the Agency answer tough questions, such as:

- What are the expected costs and benefits of this action?
- Are there alternatives that provide same benefits at a lower cost?
- Have we considered all the potential risks and ways to minimize them?

From removing lead in gasoline, to restoring the Chesapeake Bay, to cleaning up Superfund sites, our scientists and economists have helped shape some of the nation's most significant environmental policy decisions. NCEE develops data and methods for assessing risks and economic



impacts of environmental decisions. For example, NCEE, in cooperation with the U.S. Census Bureau, conducts a regular survey of environmental protection expenditures incurred by manufacturers. The results provide unique insights into the impacts regulations can have on this sector of the U.S. economy. Similarly, NCEE provided important insights into the risks of toxic air pollutants by producing the nation's first estimate of air toxic concentrations for every U.S. community. More recently, an NCEE study led to a new awareness of the link between pollution and children's health.

NCEE also plays a leadership role in identifying national research priorities. Each year, NCEE helps academic researchers identify topics pertinent to the Agency's needs and funds research in those areas. Through these efforts, as well as seminars, workshops, and a Web site with online resources, NCEE serves as a gateway for academic researchers whose work can help advance the state of knowledge about environmental economics and risk assessment.

As more environmental issues are being examined from a global perspective, NCEE also provides a valuable channel for connecting with international economists. NCEE routinely participates in international meetings and serves as a liaison to economists at the United Nations, World Bank, and European Union.

## Ensuring the Quality of Agency Decisions

The third leg of OPEI's three-legged stool is the Office of Regulatory Policy and Management (ORPM). As outlined above, NCEE encourages the Agency to think 'outside the box' and NCEE works to expand the boundaries of research and analysis. ORPM takes some of their resulting output and works to integrate it into the Agency's most familiar public products—the regulations and policies which define the technical, operational, and legal details of many of the nation's environmental programs.

Each year, EPA issues hundreds of rules and policies—many routine and non-controversial, others dealing with complex, cutting-edge scientific issues or generating major economic benefits and costs. Early in EPA's history, environmental problems were addressed by medium, that is to say: air, water, or land. However, experience has taught us that many problems can be addressed more efficiently using holistic or 'multimedia' approaches.

In order to reflect this experience in practice and to ensure the quality and consistency of Agency decisions, ORPM has established procedures for developing regulations and policies. These procedures, which leverage cross-Agency expertise,

emphasize early analytic planning, promote stakeholder involvement, and encourage timely management involvement. Among other things, they call for convening interdisciplinary workgroups of technical experts to ensure any multimedia issues are identified, analyzed, and addressed in each action.

ORPM serves as the control point for managing EPA's regulatory development process, analyzing priority and cross-media regulatory and policy actions, and ensuring that EPA uses the most appropriate analytic information in determining regulatory policy. Through management of, and participation in, each workgroup, ORPM strives to:

- Increase the range of regulatory and policy options considered in decisionmaking.
- Incorporate input from the Agency's consultations with advisory groups; state, local and tribal governments; and other external stakeholders.
- Strengthen the quality and consistency of regulations and significant non-regulatory decisions.

ORPM is also responsible for ensuring EPA's rules address and conform to more than a dozen important cross-cutting issues established under statute or executive order, such as: small business impacts, children's health, paperwork burden, environmental justice, unfunded mandates, and tribal governments.

Taken as a whole, attending to these substantive and procedural details improves the quality of each action and reminds us to use the nation's resources wisely. Quality actions, in turn, help build public support for Agency decisions which allows us to more effectively and efficiently implement the programs which protect human health and the environment.

## Contact Us

If you would like to know more about the work we do—or the work we might do together—call us at 202 546-4332. You can also find information on the Internet at <[www.epa.gov/opel](http://www.epa.gov/opel)>.



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EPA-100-F-06-010  
April 2006  
[www.epa.gov/opel](http://www.epa.gov/opel)

